

**For Year Ended December 31, 2004**

**State of Michigan**

**State Board of Assessors**

# **ANNUAL REPORT BY TELEPHONE COMPANIES**

This form is issued under the authority of P.A. 282 of 1905. Filing of this form is mandatory. A company failing to file a report shall be subject to a fine of \$500 per day. **Failure to file this report by the due date will jeopardize the company's right to file a Section 154 appeal with the State Tax Commission.**

See [www.michiganlegislature.org/law](http://www.michiganlegislature.org/law)

Company Name	Federal Employer ID Number
Mailing Address (No., Street, P.O. Box or RR#, City, State, ZIP)	Company Web site
Printed name of president, secretary, superintendent, or chief officer under whose direction this report was prepared	
By my signature below, I certify that the information in this report is complete and correct to the best of my knowledge and belief.	
Signature	Date

## **Notarization**

This document was signed before me by the officer named above who certified this report.		
Notary Public State of _____ County of _____ My Commission Expires _____		
Signature		Date
Person to Whom Correspondence Concerning This Report Should be Addressed		
Address (No., Street, P.O. Box or RR#, City, State, ZIP)		
Telephone Number	Fax Number	Email Address

**Form 1029 Instructions**  
**Annual Report by Telephone Companies**

**2004**

Telephone companies are companies which:

1. Provide switching and/or routing of 2-way information of the user's choosing that is transmitted over landlines and/or landline transmission of 2-way information of the user's choosing that are voice and/or data and/or broadband, and
2. Offer these services, either directly or indirectly, to the public in Michigan.

1. Due dates for this form 1029 Annual Report by Telephone Companies for companies with annual gross receipts in United States dollars of telephone revenues which:

- A. do not exceed \$1 million is March 15 of the following year.
- B. exceed \$1 million is March 31 of the following year.

The tax year is the calendar year immediately following the year of the Annual Report. If the year in the upper right corner of the title page is 2002, the tax year is 2003.

2. Please number each response that is attached using the number of the corresponding request. If the response contains a reference to another document, attach a copy.
3. Identify other companies that are co-located at or on real estate or equipment locations owned or operated by the reporting company in Michigan. Provide the company name, business address, and telephone number.
4. Describe the compliance with State Tax Commission Bulletin 1999-1, Self-Constructed Assets.
5. Describe the compliance with State Tax Commission's Assessors Manual, Volume III, Chapter 15, page 4, Fully Depreciated Assets, Expensing Policy, and Repair Expense versus Capital Expenditure.
6. Provide the company's report to shareholders and audited financial statements for the year being reported as soon as available, even if provided after March 31.
7. Companies with annual gross receipts of US \$1 million or more may report the dollar amounts as rounded to the nearest one thousand dollars. Please indicate below if the amounts are stated in dollars or thousands of dollars.

Stated in Whole Dollars\_\_\_\_\_ Stated in Thousands of Dollars\_\_\_\_\_

8. Form 1029 is on the Michigan Department of Treasury Web site at [www.michigan.gov/treasury](http://www.michigan.gov/treasury) under Local Governments/Forms-Instructions/Property Tax Forms. You have the options of:

- a. properly completing the form 1029, or
- b. complete the title page, attach the taxpayer's financial statements and other relevant information, and email, or postal mail a diskette, with an Excel file with the data entry cells populated. Contact the staff if you want to use this option.
- c. If the taxpayer does not have Acrobat, they can't open the PDF. They need to download Acrobat Reader, which will allow them to see the file but not make edits to it. It is easy to download at <http://www.adobe.com/products/acrobat/> The version of Acrobat that permits saving the partially completed Form 1029 is <http://www.adobe.com/store/products/>

9. Postal mail this form and attachments to:

Mailing Address  
State Board of Assessors  
Michigan Department of Treasury  
PO Box 30471  
Lansing, MI 48909-7971

For Overnight Package Delivery  
State Board of Assessors  
Michigan Department of Treasury  
Treasury Building  
430 W. Allegan Street  
Lansing, MI 48922

The Utilities Valuation Unit may be contacted at [berquistd@michigan.gov](mailto:berquistd@michigan.gov) or (517) 373-3535

10. The staff will electronic-mail, postal mail or fax its valuation workpapers to the address provided by the Company. Tentative valuations will be mailed no later than May 15 of the tax year. Final valuations will be mailed no later than June 15 of the tax year. Tax bills are mailed in late June. Bills are payable on July 1. Taxes paid after August 1 will bear interest of 1% per month or fraction of a month, but if half the dollar amount is paid by August 1, and the remaining balance is paid by December 1, no interest is added. Otherwise, taxes unpaid on August 1 bear interest.

The following instructions apply only to those Internet Service Providers which own or lease switches and/or routers but do not own their own transmission landlines.

**Revenue:** Report the Revenue attributable to the switching and/or routing of 2-way information at Item #19, and/or #36.

Separately report the revenue attributable to web page hosting, consulting services, and one-way cable TV programming.

**Operating Expenses:** Report the Operating Expenses attributable to the switching and/or routing of 2-way information at Item #50.

Separately report the expenses attributable to web page hosting, web page design, consulting services, and one way cable TV programming.

Report the depreciation expense at Item #52.

Report the Amortization expense at Item #57.

Report operating taxes at Item #60.

Report Interest at Item #63.

**Balance Sheet Accounts:** Report the information requested in items 66-89 which apply to the assets used for the switching and/or routing of 2-way information.

Separately report assets used for web page hosting, web page design, consulting services, and one-way cable TV programming.

## **(Company name, optional)**

### Revenues from Telephone Operations and Internet Access for business year ended December 31, 2004

#### **Instructions**

Reporting only revenue in Michigan? YES or NO\_\_\_\_\_

1. Report revenues from all telecommunications business including providing access to the Internet
2. The numbers after the account name are the Federal Communications Commission account numbers.
3. Report Interstate, Intrastate, Interlata, and Intralata Revenues
4. If a cell does not apply to the company, enter zero.

<b>Local Network Services Revenues</b>	<b>Item</b>	<b>\$ (no cents)</b>
Basic Local Service Revenue, Account 5000	1	
Basic Area Revenue, Account 5001	2	
Optional Extended Area Revenue, Account 5002	3	
Cellular Mobile Revenue, 5003	4	
Other Mobile Services Revenue, Account 5004	5	
Public Telephone Revenue, Account 5010	6	
Local Private Line Revenue, Account 5040	7	
Customer Premises Revenue, Account 5050	8	
Other Local Exchange Revenue, Account 5060	9	
Other Local Exchange Revenue Settlements, Account 5069	10	
Number Portability Revenue (if not included above)	11	
Emergency Services 911 Revenue (if not included above)	12	
Universal Service Fund Revenues (if not included above)	13	
<b>Network Access Services Revenues</b>		
Network Access Revenue, Account 5080	14	
End User Revenue, Account 5081	15	
Switched Access Revenue, Account 5082	16	
Special Access Revenue, Account 5083	17	
State Access Revenue, Account 5084	18	
Subscriber Revenue for Internet Access (if not included above)	19	
<b>Long Distance Network Service</b>		
Long Distance Message Revenue, Account 5100	20	
Unidirectional Long Distance Revenue, Account 5110	21	
Long Distance Inward-Only Revenue, Account 5111	22	
Long Distance Outward-Only Revenue, Account 5112	23	
Long Distance Private Network Revenue, Account 5120	24	
Subvoice Grade Long Distance Private Network Revenue, Account 5121	25	
Voice Grade Long Distance Private Network Revenue, Account 5122	26	
Audio Program Grade Long Distance Private Network Revenue, Account 5123	27	
Video Program Grade Long Distance Private Network Revenue, Account 5124	28	
Digital Transmission Long Distance Private Network Revenue, Account 5125	29	
Long Distance Private Network Switching Revenue, Account 5126	30	

<b>Long Distance Network Service (continued)</b>		<b>Item</b>	<b>\$ (no cents)</b>
	Other Long Distance Private Network Revenue, Account 5128	<b>31</b>	
	Other Long Distance Private Network Revenue Settlements, Account 5129	<b>32</b>	
	Other Long Distance Revenue, Account 5160	<b>33</b>	
	Other Long Distance Revenue Settlements, Account 5169	<b>34</b>	
	Interstate Common Line Support (if not included above)	<b>35</b>	
	Subscriber Revenue for Internet Access (if not included above)	<b>36</b>	
<b>Miscellaneous Revenue</b>			
	Miscellaneous Revenue, Account 5200	<b>37</b>	
	Rent Revenue, Account 5240	<b>38</b>	
	Corporate Operations Revenue, Account 5250	<b>39</b>	
	Miscellaneous Revenue, Account 5260	<b>40</b>	
	Special Billing Arrangements Revenue, Account 5261	<b>41</b>	
	Customer Operations Revenue, Account 5262	<b>42</b>	
	Plant Operations Revenue, Account 5263	<b>43</b>	
	Other Incidental Regulated Revenue, Account 5264	<b>44</b>	
	Other Revenue Settlements, Account 5269	<b>45</b>	
	Carrier Billing and Collection Revenue, Account 5270	<b>46</b>	
<b>NEW</b>	Cable Television Revenue and Nonregulated Operating Revenue, Account 5280	<b>47</b>	
	Subscriber Revenue for Internet Access (if not included above)	<b>48</b>	
	Uncollectible Revenue - Telecommunications, Account 5301	<b>49</b>	

Expenses related to Telephone Operations and Internet Access  
for business year ended December 31, 2004

Reporting only expenses in Michigan? YES or NO\_\_\_\_\_

**Operating Expenses of telecommunications and Internet access-real and personal property**  
**Provide subaccount data maintained for all items by respondent.**

	<b>Item</b>	<b>\$ (no cents)</b>
	Plant Specific Operations Expense, Account 6100	<b>50</b>
	Plant Nonspecific Operations Expense, Account 6500	<b>51</b>
	Depreciation Expense - Plant in Service, Account 6561	<b>52</b>
	Depreciation Expense - Property Held for Future Use, Account 6562	<b>53</b>
	Amortization Expense - Tangible, Account 6563	<b>54</b>
	Amortization Expense - Intangible, Account 6564	<b>55</b>
	Amortization Expense - Other, Account 6565	<b>56</b>
	Customer Operations Expense (Account 6600)	<b>57</b>
	Corporate Operations Expense (Account 6700)	<b>58</b>
	Other Operating Income and Expense, Account 7100 (describe and list)	<b>59</b>
<b>BM</b>	Operating Taxes, Account 7200	<b>60</b>
	Nonoperating Income and Expense, Account 7300	<b>61</b>
	Nonoperating Taxes, Account 7400	<b>62</b>
<b>BP</b>	Interest and Related Items, Account 7500	<b>63</b>
	Extraordinary Items, Account 7600	<b>64</b>
	Jurisdictional Differences and Nonregulated Income Items, Account 7900	<b>65</b>

**(Company name, optional)**

Balance Sheet quantities related to Telephone Operations and  
Internet Access for year ended December 31, 2004

Reporting only land, improvements, equipment and materials in Michigan? YES or NO \_\_\_\_\_

**Plant owned by reporting company** – see text in Instructions, first paragraph

	<b>Item</b>	<b>\$ (no cents)</b>
BS Telephone Plant in Service, Account 2100 (at the BEGINNING of reporting year)	<b>66</b>	_____
BT Additions to Plant (attach an explanation of adjustments)	<b>67</b>	_____
Telecommunications Plant Adjustments, Account 2005	<b>68</b>	_____
BV Transfers to plant in service (attach an explanation of transfers)	<b>69</b>	_____
BW Transfers from plant in service	<b>70</b>	_____
BX Retirements show as a positive number	<b>71</b>	_____
Property Held for Future Telecommunications and/or Internet Use, Account 2002	<b>72</b>	_____
BZ Telecommunications and/or Internet Plant Under Construction, Account 2003	<b>73</b>	_____
Nonoperating Plant, Account 2006	<b>74</b>	_____
Amortizable Assets, Account 2600 (report as of the end of the reporting year)	<b>75</b>	_____
	<b>76</b>	_____
CD Accumulated Depreciation for Telephone Plant in Service, Account 3100	<b>77</b>	_____
Accumulated Depreciation for Plant Held for Future Use, Account 3200	<b>78</b>	_____
Accumulated Depreciation - Nonoperating, Account 3300	<b>79</b>	_____
Accumulated Depreciation - Tangible, Account 3400	<b>80</b>	_____
Accumulated Depreciation - Capitalized Leases, Account 3410	<b>81</b>	_____
Accumulated Depreciation - Leasehold Improvements, Account 3420	<b>82</b>	_____
Accumulated Amortization - Intangible, Account 3500	<b>83</b>	_____
Accumulated Amortization - Other, Account 3600	<b>84</b>	_____
CL Licensed Vehicles-report as Original Cost minus Accumulated Depreciation	<b>85</b>	_____
Aircraft-report as Original Cost minus Accumulated Depreciation	<b>86</b>	_____
Trailers for use on public roads-report as Original Cost minus Accumulated Depreciation	<b>87</b>	_____
<b>For the Capped Value Formula provide:</b>		
CO Accumulated Depreciation for non-exempt equipment added in the reporting year.	<b>88</b>	_____
Accumulated Depreciation over the service life of non-exempt equipment retired in the reporting year		

**Note: Item 66 includes Land, Improvements to Land, Improvements to Leased Property, Buildings, Support Assets, Central Office Assets and Cable and Wire facilities.**

**Report indefeasible rights to use equipment on a separate page. Please state:**

**a. Whether lessor or lessee**

**b. Money exchanged and time periods of the IRUs.**

## BALANCE SHEET ACCOUNTS

Account Number	Account	Balance at End of Year
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### LONG TERM DEBT

	Funded Debt	
	Premium on Long-Term Debt	
	Discount on Long Term Debt	
	Reacquired Debt	
	Obligations Under Capital Leases	
	Advances from Affiliated Companies (Intercompany Liabilities)	
	Other Long-Term Debt	
<b>TOTAL LONG-TERM DEBT</b>		

### OTHER LIABILITIES AND DEFERRED CREDITS

	Other Long-Term Accounts	
	Unamortized Operating Investment Tax Credits - Net, Acct. 4320	
	Unamortized Nonoperating Investment Tax Credit - Net, Acct. 4330	
	Net Noncurrent Deferred Operating Income Taxes, Acct. 4340	
	Net Deferred Tax Liability Adjustments, Acct. 4341	
	Net Noncurrent Deferred Nonoperating Income Taxes, Acct. 4350	
	Other Deferred Credits, Acct. 4360	
	Other Jurisdictional Liabilities and Deferred Credit-Net, Acct. 4370	
<b>TOTAL OTHER LIABILITIES AND DEFERRED CREDITS</b>		

### STOCKHOLDERS' EQUITY

	Capital Stock, Acct. 4510	
	Additional Paid-In Capital, Acct. 4520	
	Treasury Stock, Acct. 4530	
	Other Capital, Acct. 4540	
	Retained Earnings, Acct. 4550	
<b>TOTAL STOCKHOLDERS' EQUITY</b>		

\_\_\_\_\_**(Company name, optional)**

Leases related to Telephone Operations and Internet Access  
for business year ended December 31, 2004

**CAPITAL LEASES IN MICHIGAN, Account 2081**

Describe in summary form the types of equipment, excluding land and buildings, for which CAPITALIZED leases are recorded.

Type of Equipment	Capitalized Dollar Amount of the Lease(s)	Annual Payment	Net Book Value

**OPERATING LEASES IN MICHIGAN**

Describe in summary form the types of equipment, excluding leased vehicles, for which OPERATING leases are recorded.

Type of Equipment	Annual Payment

Allocation Factors for MULTISTATE Telecommunications Companies

Do not make entries in columns b and c if operations are ONLY in Michigan.

**Lines 1 - 3:** Report in column (b) the investment as of December 31 in Michigan for the items listed on lines 1, 2 and 3 below. In column (c), report the investment for the telecommunications system as of December 31 for the items listed on lines 1, 2 and 3.

**Line 4:** In column (b), line 4, report the Michigan telecommunications operating revenues for the year ending December 31. In column (c), line 4, report the telecommunications system operating revenues for the year ending December 31.

Line	(a) Description of Item	(b) Michigan only	(c) System
1.	Telecommunications Plant in Service		
2.	Telecommunications Plant Under Construction		
3.	Telecommunications Plant Held for Future Use		
4.	Telecommunications Operating Revenue		
5.	Number of bills issued to end-users of telecommunications and Internet access services in the reporting year		

Access Lines in service at the end of the reporting year \_\_\_\_\_

If the company is claiming an allowance for obsolescence or superadequacy, provide an explanation of the basis for and the dollar amount of the allowance proposed. Include an explanation of why or why not FASB Statement No.144, Accounting for the Impairment or Disposal of Long-Lived Assets, is being used to recognize the allowance for obsolescence or superadequacy for financial reporting.

For telephone plant subaccounts that have Property Held for Future Telecommunications Use in excess of \$1 million provide the Company's plans for using the equipment.

### LONG-TERM DEBT

FCC Accounts 4050, 4210, 4220, 4230, 4260 and 4270, or equivalent accounts

1. List in account number order in column (a) a description of the company's obligations, including those maturing in the coming year.
2. The stated rate in column (h) is the interest rate on the face amount of the debt instrument.

Line Number	Description of Obligation (a)	Stated Interest Rate (b)	Date of Maturity (c)	Face Amount Outstanding	
				Account 4050 (d)	AC 4210, 4260, 4270 (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
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21					
22					
23					
24					
25					
26					
27					
28					

**Application for Credits against the Tax Levied on State-Assessed Companies as provided by MCL 207.13b (1) and MCL 207.13b (5)**

This form is issued under the authority of P.A. 282 of 1905.

Company Name	Federal Employer ID Number
Mailing Address (Number, Street, P.O. Box or RR#, State, City, ZIP)	

**1. Eligible Expenditures Incurred during Calendar Year 2004. (See instructions for the definition of "Eligible Expenditures.")**

Description of Equipment	Amount of Eligible Expenditure

**2. Is your company subject to the annual maintenance fee required under Section 8 of the Metropolitan Extension Telecommunications Rights-of-Way Oversight Act?**

☐ Yes ☐ No

**3. Indicate the maximum amount of credit available under MCL 207.13b(5) against taxes paid in 2005 as determined by the Michigan Public Service Commission, if available.**

Maximum Amount of Credit
--------------------------

A company may not receive the credits provided by MCL 207.13b(1) and MCL 207.13b(5) if it has failed to pay the annual maintenance fees that are due and payable as of May 1, 2005.

Printed name of president, secretary, superintendent, or chief officer under whose direction this report was prepared		
By my signature below, I certify that the information in this report is complete and correct to the best of my knowledge and belief and that all of the expenditures reported on this form are "Eligible Expenditures" as defined in MCL 207.13b(8).		
Signature	Date	
Person to whom correspondence Concerning this report should be addressed		
Address (Number, Street, P.O. Box or RR#, State, City, ZIP)		
Telephone Number	Fax Number	Email Address

## Instructions

Public Act 50 of 2002 provides that companies which are assessed by the State Board of Assessors under the authority of PA 282 of 1905 may receive a credit against the 2005 tax imposed by the act. This credit is equal to 9 percent of eligible expenditures made in the prior calendar year, limited to the greater of 9 percent of the total tax liability under PA 282 of 1905 and 100 percent of the 2004 credit. In order to receive the credit, this form shall be filed with the State Board of Assessors in accordance with the following schedule:

1. Companies whose gross receipts **do not exceed** \$1,000,000 shall file on or before March 15, 2005.
2. Companies whose gross receipts **exceed** \$1,000,000 shall file on or before March 31, 2005.

The law defines "Eligible Expenditures" as follows:

"Eligible Expenditures" means expenditures made by a company to purchase and install eligible equipment after December 31, 2001.

"Eligible Equipment" means property placed into service in the state for the first time with information carrying capacity in excess of 200 kilobits per second in both directions.